

Dear,

The Brownfield Study Group is pleased to submit our group's comments in response to the governor's deficit reduction proposal for Fiscal Year (FY) 2002-2003. In particular, we are responding to the \$5 million in proposed reductions to the brownfield grants and other cleanup funds.

These proposed reductions are of concern to our group and others, as we believe that there are no other state grant programs that have as large of an economic return on investment as do the departments of Commerce brownfield grants and Natural Resources (DNR) site assessment grants.

Since their inception, these grants have assisted more than 100 communities across Wisconsin in creating 4,000 *new, full-time* jobs, addressing nearly 1,000 acres of land, increasing community tax bases by nearly \$400 million and removing 200 blighted structures. Over the last five years, the Commerce grants have leveraged \$14.50 for *every* brownfield dollar given out. Presently, there are \$23.5 million in Commerce and DNR grant requests that are pending, with \$375 million in proposed project investments. Clearly, the removal of even a small amount of these brownfield funds will have the detrimental impact of slowing down economic growth at a time when economic recovery should be this state's primary focus.

A Wise Return on Our Investment

The Brownfield Study Group would like to recommend that as we fix our current budget problems, we look to ensure that we have in place the opportunity to grow the economy of this state. In the 1997-99 State Biennial Budget, the state estimated that brownfield properties had already **cost state and local governments more than \$100 million dollars in uncollected property taxes**. In the years prior to 1997, the state had few financial incentives to encourage purchasers, local governments or landowners to step forward and take on other people's problems. The lack of financial incentives to address these properties meant higher taxes, development of precious green space and the lost opportunity for jobs, as new jobs in the suburbs were beyond the commute of many workers who most needed the employment.

Our local governments have seen the wisdom of connecting the cleanup of contaminated properties with economic revitalization. In the last 10 years, the **City of West Allis** has championed 18 brownfield projects that have generated approximately 2,025 jobs and more than \$71 million in new taxable value, which provide more than \$1,918,600 in annual property tax relief. The **City of Milwaukee** has taken on 66 brownfield projects, which have generated almost 2,000 jobs and \$323,387,000 in construction or renovation investment. For every dollar Milwaukee invested in environmental activities, it leveraged \$56 in tax base increase.

The \$10 million in brownfields grants we provide each year is a wise return on our investments, as illustrated by a sampling of our state's successes.

- **La Crosse:** Century Tel Property, 500 jobs retained and 100 new jobs created, with an increase in property value from \$600,000 to \$25 million.
- **Kenosha:** Harbor Park project has increased property value from \$0 in 2000, to \$25 million today, with property tax revenue of \$615,000. When complete in 2005, property value will be worth approximately \$55 million, and 400 new housing units will be available in downtown.
- **Oshkosh:** Pearl Street development, near UW Oshkosh, created 11 full time and 73 part time jobs, 60 new housing units, and a \$2.5 million increase in property value.

- **Town of Stettin:** Former Murray Machinery property, created more than 75 jobs, with an increase in property values at \$3.4 million.
- **Village of West Milwaukee:** Former Babcock and Wilcox property returned to tax rolls, with increase to tax base of \$200 million, with approximately 200 jobs.

Attached to this letter are the accomplishments of the DNR's Site Assessment and Commerce's Brownfield grant programs. The DNR's Green Space and Public Facilities Grant program is new this biennium, with \$1 million in grants scheduled to be awarded in April 2003; DNR received 18 applications, requesting \$1.9 million in grants at projects totaling more than \$30 million in investment.

National Prominence

We believe this state has been effective yet frugal in its efforts to commit public funds to this effort. *While this state may have \$10 million annually available for brownfields, other similarly situated states (e.g., New York and Ohio) have more than \$200 million available per state to tackle the brownfield issue.*

Despite this modest amount of funds, Wisconsin has become one of the national leaders in the field of brownfield cleanup and reuse:

- "California, Massachusetts, Ohio, Pennsylvania and **Wisconsin** are consistent leaders in brownfield redevelopment" as documented the last three years by XL Insurance's national study on brownfield cleanup and reuse;
- a General Accounting Office (GAO) study selected five state brownfield programs to compare to U.S. EPA's; Wisconsin and four other states were selected due to a number of factors, including the "innovativeness" of their programs; and
- an analysis of state brownfield programs conducted at Western Washington University in 2000 determined that Wisconsin was one of nine states to receive an "A" grade.

Recommendation of Study Group

Since 1998, the Brownfield Study Group has been meeting on a regular basis to develop and improve the state's brownfield initiative. This group represents a wide variety of people who deal with brownfields on a daily basis – mayors, planners, non-profit groups, attorneys, developers, consultants and others (please see enclosed membership list).

The Brownfields Study Group understands that this state must take action to correct the financial decisions of the past, so we can return this state to its former fiscal health. **However, it is our strong concern that these proposed cuts will disproportionately erode growth in the employment and tax base of the state – and thus, the short-term savings of making these cuts will have a far greater negative impact on the long-term growth of our economy.** The group makes the following recommendations for FY 2002-03 only, and these do not reflect our recommendations for the 2003-2005 biennium. Also, the group does not favor eliminating from state statute any grant programs, rather only reducing the funding for this fiscal year.

If the state's investment in brownfields *must* be reduced, the group would like to offer a counter proposal to Senate Bill 1. This proposal is based on the premise that **there should be no cuts for funds that involve public safety.** If we assume that the \$1 million in proposed cuts from the Environmental Fund for spill and abandoned container response is for the highest priority public health sites and emergency response to toxic spills, then the \$5 million should come from the brownfield grant funds, as follows:

Proposed Cuts: FY 2002-03

Fund	Available this year	Senate Bill 1	Study Group Proposal
Commerce brownfield grants	\$7 million	\$3.5 million in cuts	\$3.725 million in cuts
DNR green space grants	\$1 million	\$500,000 in cuts	\$1 million in cuts
DNR site assessment grants	\$1.7 million	\$0 in cuts	\$150,000 in cuts
DNR SUDZ	\$125,000	\$0 in cuts	\$125,000 in cuts
DNR Spill & Abandoned Containers	\$3.3 million	\$1 million in cuts	\$0 in cuts

In addition, if these reductions in funding are made, the Study Group strongly proposes that the following statutory changes be included in Senate Bill 1:

- suspend the distribution requirements for the Commerce Brownfield grants that require the state to award at least seven grants located in municipalities with a population of less than 30,000 for Fiscal Year 2002-03; if this is not changed, it is likely that Commerce would be required to award all the grants based on population, rather than on the quality of the project;
- for the Commerce grant program, *temporarily* cap the maximum grant at \$500,000 (down from \$1.25 million) for Fiscal Year 2002-03;
- if money is appropriated for DNR's Green Space and Public Facilities, *temporarily* cap the maximum grant at \$100,000 for FY 2002-03 only;
- for all grant programs, change the types of appropriations to a continuing appropriation; for existing brownfield grants that would otherwise lapse into the general fund, allow the departments to re-encumber those funds for another brownfield grant applicant;
- allow the departments of Natural Resources and Commerce to take all or a portion of grant funds back from a grantee if reasonable progress towards meeting the grant commitments is not being made; provide the departments with authority to redistribute those funds to other brownfield grant programs and applicants, regardless of the year the funds were originally encumbered; and
- to offset the reductions to the grants and potentially to the Environmental Fund (if those reductions are made), allow the Department of Natural Resources and local governments to obtain reimbursement from PECFA and Agri-Chem funds for sites where the "owner or operator" is unavailable, unknown or unable to initiate a claim.

Additionally, the Study Group recommends that if the brownfield grant programs are reduced in Fiscal Year 2002-2003, the **governor and legislature should support the Brownfields Study Group's separate legislative package of non-fiscal policy items, which it is proposing to introduce this calendar year.** This package includes a number of non-fiscal items that are intended to strengthen existing brownfields programs, as well as develop new, non-fiscal tools to aid in the cleanup and reuse of these contaminated properties. We have attached a list of those proposed non-fiscal statutory changes for your future reference.

We thank you in advance for your consideration of these matters. We look forward to working with you during the upcoming budget and legislative sessions. If you should have any questions of the group, please do not hesitate to contact us. Again, we believe that the financial incentives

we currently have available to clean up and restore brownfield properties are vital to our efforts to grow the economy of this state.

Sincerely,

On Behalf of the Wisconsin Brownfield Study Group

Attachments

Cc:
Brownfield Study Group Members